

# Significant Event Notice

*Important changes you need to know*



# This Significant Event Notice outlines important changes which may affect your account with NGS Super effective from 1 November 2023.

## Introduction of new NGS Income account default investment strategy

- A default investment strategy for the *NGS Income account* has been introduced.

## Investment fees and costs

- Changes to investment fees and costs

## Investment options

- Changes to risk of negative returns, risk band and risk label
- Changes to minimum investment horizon
- Changes to investment objectives
- Change to investment description for Diversified Bonds
- Introduction of Private equity asset class
- Changes to strategic asset allocation for pre-mixed options

## Need help?

Have you considered obtaining professional advice to understand how super works for your personal situation? We offer single-issue advice limited to your NGS Super account at no cost over the phone through our Financial Advice Helpline.

We also offer low-cost tailored advice through NGS Financial Planning. To make an appointment, call us on **1300 133 177** or complete the **Financial advice enquiry form** at [ngssuper.com.au/advice](https://ngssuper.com.au/advice)

# 1. Introduction of new *NGS Income account* default investment strategy

A default investment strategy has been introduced for the *NGS Income account*. If you don't make an investment choice when setting up your account, 88% of your *Income account* balance will be invested in the Retire Plus investment option, with 12% invested in the Cash and Term Deposits investment option. You can also choose to invest your account in this strategy. Existing *NGS Income account* members can invest into the default investment strategy at any time.

As part of the default investment strategy, 100% of your pension payments will be drawn from the Cash and Term Deposits option. This will help minimise the need to draw down from growth-oriented investment options during market downturns to help manage risk in retirement.

We've also introduced a simple way to set up an *NGS Income account* or *NGS Transition to retirement (TTR) account* called **Easy Default**.

To learn more about Easy Default and the new default investment strategy for the *NGS Income account*, please refer to the **NGS Retirement PDS** available at [ngssuper.com.au/PDS](https://ngssuper.com.au/PDS)



## 2. Investment fees and costs

We've reviewed and updated our estimates of investment fees and costs after taking into account actual fees and costs incurred from the previous financial year.

The revised estimates will apply from 1 November 2023.

Investment fees and costs can change for many reasons, including:

- changes to the weighting of investments allocated to each investment manager
- the addition of new investments and investment managers to the portfolio.

The primary objective for making changes to our investment portfolio is to seek improved long-term investment performance.

The updated estimates in the following table are reflected in our **Fees, costs and tax guide** (*Accumulation account* members) and **NGS Retirement Product Disclosure Statement** (*Transition to retirement* (TTR) and *Income account* members) dated 1 November 2023 available at [ngssuper.com.au/PDS](https://ngssuper.com.au/PDS)

Estimated investment fees and costs

|                                      | To 31 October 2023        |                   |                 | From 1 November 2023      |                   |                 |
|--------------------------------------|---------------------------|-------------------|-----------------|---------------------------|-------------------|-----------------|
| Investment option                    | Investment fees and costs | Transaction costs | Cost of product | Investment fees and costs | Transaction costs | Cost of product |
| <b>Accumulation and TTR accounts</b> |                           |                   |                 |                           |                   |                 |
| Diversified (MySuper)                | 0.82%                     | 0.06%             | \$555           | 0.80%                     | 0.05%             | \$540           |
| High Growth                          | 0.97%                     | 0.07%             | \$635           | 0.93%                     | 0.05%             | \$605           |
| Balanced                             | 0.68%                     | 0.04%             | \$475           | 0.63%                     | 0.04%             | \$450           |
| Defensive                            | 0.66%                     | 0.03%             | \$460           | 0.64%                     | 0.02%             | \$445           |
| Indexed Growth                       | 0.05%                     | 0.01%             | \$145           | 0.05%                     | 0.01%             | \$145           |
| Australian Shares                    | 0.47%                     | 0.08%             | \$390           | 0.42%                     | 0.08%             | \$365           |
| International Shares                 | 0.50%                     | 0.10%             | \$415           | 0.43%                     | 0.05%             | \$355           |
| Infrastructure                       | 0.13%                     | 0.03%             | \$195           | 0.10%                     | 0.04%             | \$185           |
| Property                             | 0.47%                     | 0.05%             | \$375           | 0.46%                     | 0.09%             | \$390           |
| Diversified Bonds                    | 0.20%                     | 0.00%             | \$215           | 0.48%                     | 0.00%             | \$355           |
| Cash and Term Deposits               | 0.05%                     | 0.00%             | \$140           | 0.04%                     | 0.00%             | \$135           |
| <b>Income account</b>                |                           |                   |                 |                           |                   |                 |
| Diversified                          | 0.78%                     | 0.06%             | \$535           | 0.77%                     | 0.05%             | \$525           |
| High Growth                          | 0.97%                     | 0.07%             | \$635           | 0.93%                     | 0.05%             | \$605           |
| Balanced                             | 0.68%                     | 0.04%             | \$475           | 0.63%                     | 0.04%             | \$450           |
| Defensive                            | 0.66%                     | 0.03%             | \$460           | 0.64%                     | 0.02%             | \$445           |
| Indexed Growth                       | 0.05%                     | 0.01%             | \$145           | 0.05%                     | 0.01%             | \$145           |
| Retire Plus                          | 0.80%                     | 0.04%             | \$535           | 0.74%                     | 0.04%             | \$505           |
| Australian Shares                    | 0.47%                     | 0.08%             | \$390           | 0.42%                     | 0.08%             | \$365           |
| International Shares                 | 0.50%                     | 0.10%             | \$415           | 0.43%                     | 0.05%             | \$355           |
| Infrastructure                       | 0.13%                     | 0.03%             | \$195           | 0.10%                     | 0.04%             | \$185           |
| Property                             | 0.47%                     | 0.05%             | \$375           | 0.46%                     | 0.09%             | \$390           |
| Diversified Bonds                    | 0.20%                     | 0.00%             | \$215           | 0.48%                     | 0.00%             | \$355           |
| Cash and Term Deposits               | 0.05%                     | 0.00%             | \$140           | 0.04%                     | 0.00%             | \$135           |

### 3. Investment options

The investment option changes outlined below are reflected in the **Investment guide** (for *Accumulation* account members) and **NGS Retirement PDS** (for *TTR* and *Income* account members) dated 1 November 2023 and available at [ngssuper.com.au/PDS](https://ngssuper.com.au/PDS)

#### Risk of negative return, risk band and risk label

Each investment option has a Standard Risk Measure (SRM), measured as the estimated number of negative annual returns over any 20-year period. Each option is then assigned a risk band and risk label. These measures help members understand the risks and potential losses associated with each investment option.

Our recent review has resulted in the SRM, risk band and risk label being updated for the following investment options as shown in the following table:

Standard risk measure, risk band and risk label

| Investment option                 | To 31 October 2023      |           |                | From 1 November 2023    |           |                |
|-----------------------------------|-------------------------|-----------|----------------|-------------------------|-----------|----------------|
|                                   | Risk of negative return | Risk band | Risk label     | Risk of negative return | Risk band | Risk label     |
| Diversified (MySuper)/Diversified | 4.4 years in 20         | 6         | High           | 3.5 years in 20         | 5         | Medium to high |
| High Growth                       | 5.1 years in 20         | 6         | High           | 3.7 years in 20         | 5         | Medium to high |
| Balanced                          | 3.6 years in 20         | 5         | Medium to high | 2.6 years in 20         | 4         | Medium         |
| Defensive                         | 2.4 years in 20         | 4         | Medium         | 1.5 years in 20         | 3         | Low to medium  |
| Indexed Growth                    | 5.4 years in 20         | 6         | High           | 5.2 years in 20         | 6         | High           |
| Retire Plus (Income account)      | 3.2 years in 20         | 5         | Medium to high | 2.7 years in 20         | 4         | Medium         |
| Australian Shares                 | 6.6 years in 20         | 7         | Very high      | 6 years in 20           | 7         | Very high      |
| International Shares              | 6.6 years in 20         | 7         | Very high      | 6.4 years in 20         | 7         | Very high      |
| Infrastructure                    | 6.8 years in 20         | 7         | Very high      | 7.2 years in 20         | 7         | Very high      |
| Property                          | 6.2 years in 20         | 7         | Very high      | 7.4 years in 20         | 7         | Very high      |
| Diversified Bonds                 | 4.5 years in 20         | 6         | High           | 2.2 years in 20         | 4         | Medium         |

#### Minimum investment horizon

The minimum investment horizon is the amount of time you should be prepared to stay invested in an investment option before it meets its objectives. We've reviewed the methodology we use to calculate the minimum investment horizon to ensure it's consistent across all options and better matches the Standard Risk Measure and risk labels.

| Investment option                 | Minimum investment horizon (years) |                      |
|-----------------------------------|------------------------------------|----------------------|
|                                   | To 31 October 2023                 | From 1 November 2023 |
| Diversified (MySuper)/Diversified | 10                                 | 7                    |
| High Growth                       | 10                                 | 7                    |
| Balanced                          | 7                                  | 5                    |
| Defensive                         | 5                                  | 3                    |
| Retire Plus (Income account)      | 5-7                                | 5                    |
| Australian Shares                 | 10                                 | 12                   |
| International Shares              | 10                                 | 12                   |
| Infrastructure                    | 10                                 | 12                   |
| Property                          | 10                                 | 12                   |
| Diversified Bonds                 | 3                                  | 5                    |

## Investment objective

We've changed the investment objectives for our Balanced and Defensive options to ensure the objectives of all pre-mixed investment options will now align to rolling 10-year periods. We've also added a consistent message around the tax treatment across all single-sector options. For Property and Diversified Bonds, we've changed the wording from "to achieve" the objective to "to outperform" to better reflect the active management style of these options.

| Investment option             | Investment objective  |  |
|-------------------------------|---|--|
|                               | To 31 October 2023  | From 1 November 2023   |
| <b>Balanced</b>               | To achieve a net return 2% above CPI p.a. over rolling 3-year periods.  | To achieve a net return 2% above CPI p.a. over rolling 10-year periods   |
| <b>Defensive</b>              | To achieve a net return 1% above CPI p.a. over rolling 3-year periods.  | To achieve a net return 1% above CPI p.a. over rolling 10-year periods   |
| <b>Australian Shares</b>      | Outperform S&P/ASX 300 Accumulation Index (adj. for franking credits, net of implied superannuation tax) over the medium to long term.                | To outperform S&P/ASX 300 Total Return Index over the medium to long term*   |
| <b>International Shares</b>   | Outperform MSCI ACWI ex Aust Index (in AUD, net of implied superannuation tax) over the medium to long term.  | To outperform MSCI ACWI ex Aust Index (in AUD) over the medium to long term*   |
| <b>Infrastructure</b>         | To achieve the equivalent return of the FTSE Developed Core Infrastructure 50/50 Net Total Return Index (Hedged to AUD) over the medium to long term. | To achieve the equivalent return of the FTSE Developed Core Infrastructure 50/50 Net Total Return Index (hedged to AUD) over the medium to long term*  |
| <b>Property</b>               | To achieve the equivalent return of the FTSE EPRA/NAREIT Developed Net Total Return Index (Hedged to AUD) over the medium to long term.               | To outperform the equivalent return of the FTSE EPRA/NAREIT Developed Net Total Return Index (hedged to AUD) over the medium to long term*   |
| <b>Diversified Bonds</b>      | To achieve the equivalent return of the J.P. Morgan Government Bond Index Global (Hedged to AUD) over the medium to long term.                        | To outperform a weighted index of 50% Australian - Bloomberg AusBond Composite Bond 0+YR and 50% International - Bloomberg Barclays Global Aggregate Index (hedged to AUD) over the medium to long term* |
| <b>Cash and Term Deposits</b> | To achieve a net return that matches or exceeds the RBA cash rate.  | To achieve a net return that matches or exceeds the RBA cash rate*   |

\* Adjusted for implied superannuation tax and/or franking credits, where applicable.

## Investment description for Diversified Bonds

The investment description for Diversified Bonds has been changed to reflect the restructuring of this option to include a more diverse range of fixed income investments. This diversification will help to ensure the Diversified Bonds option continues to provide defensiveness for our members in an environment of rising inflation and interest rates. This change also impacts the investment fees and costs of this option, as well as the investment objective and risk of negative return, risk band and risk label as outlined in other sections of this Significant Event Notice.

| Investment option        | Investment description  |  |
|--------------------------|---|--|
|                          | To 31 October 2023  | From 1 November 2023   |
| <b>Diversified Bonds</b> | An investment in cash and fixed interest investments, predominantly in securities issued by international governments and corporations. | An investment in cash and fixed interest investments, predominantly in securities issued by Australian and international governments and corporations. |

### 3. Investment options (continued)

#### Introduction of Private equity asset class

We've introduced Private equity as a new asset class to provide more clarity to members. Prior to 1 November 2023, Private equity was classified as part of the Alternatives asset class. Creating a separate asset class will help provide members with a clearer understanding of which investment options invest in Private equity.

The Strategic Asset Allocation (SAA) and Dynamic Asset Allocation (DAA) range for options investing in Private equity effective from 1 November 2023 are outlined in the table.

| Investment option                         | Strategic Asset Allocation | Dynamic Asset Allocation range |
|---|----------------------------|--------------------------------|
| <b>Diversified (MySuper)/ Diversified</b> | 7%                         | 0-15%                          |
| <b>High Growth</b>                        | 20%                        | 0-35%                          |
| <b>Balanced</b>                           | 3%                         | 0-15%                          |
| <b>Defensive</b>                          | 2.5%                       | 0-15%                          |
| <b>Indexed Growth</b>                     | 0%                         | 0-15%                          |
| <b>Retire Plus</b>                        | 2%                         | 0-15%                          |

#### Strategic asset allocation for pre-mixed options

We have changed the Strategic Asset Allocation (SAA) for our Pre-mixed investment options (shown in green in the table below). There were no changes to the Dynamic Asset Allocation (DAA) ranges for these options, except for the introduction of a DAA range for Private equity across all certain investment options as outlined in the section above. There were no changes to the SAA or DAA for any sector-specific option.

| Asset class           | Strategic Asset Allocation<br>Diversified (MySuper)/Diversified |                         | Strategic Asset Allocation<br>High Growth |                         |
|-----------------------|---|-------------------------|---|-------------------------|
|                       | To<br>31 October 2023   | From<br>1 November 2023 | To<br>31 October 2023                     | From<br>1 November 2023 |
| Australian shares     | 24%   | 24%                     | 29%                                       | 29%                     |
| International shares  | 27%   | 28%                     | 28.5%                                     | 28.5%                   |
| Private equity        | n/a   | 7%                      | n/a                                       | 20%                     |
| Listed infrastructure | 0%  | 0%                      | 0%  | 0%                      |
| Infrastructure        | 10.5%   | 10.5%                   | 12.5%                                     | 12.5%                   |
| Listed property       | 0%  | 0%                      | 0%  | 0%                      |
| Property              | 8.5%  | 9.5%                    | 0%  | 3%                      |
| Alternatives          | 10.5%   | 4%                      | 25%                                       | 1.5%                    |
| Fixed income          | 13.5%   | 14%                     | 2%  | 2.5%                    |
| Cash                  | 6%  | 3%                      | 3%  | 3%                      |

## Strategic asset allocation for pre-mixed options (continued)

| Asset class           | Strategic Asset Allocation<br>Balanced |                         | Strategic Asset Allocation<br>Defensive |                         |
|-----------------------|--|-------------------------|---|-------------------------|
|                       | To<br>31 October 2023                  | From<br>1 November 2023 | To<br>31 October 2023                   | From<br>1 November 2023 |
| Australian shares     | 16.5%                                  | 16.5%                   | 10.5%                                   | 10.5%                   |
| International shares  | 19%                                    | 19%                     | 10.5%                                   | 10.5%                   |
| Private equity        | n/a                                    | 3%                      | n/a                                     | 2.5%                    |
| Listed infrastructure | 0%                                     | 0%                      | 0%                                      | 0%                      |
| Infrastructure        | 10.5%                                  | 10.5%                   | 10.5%                                   | 10.5%                   |
| Listed property       | 0%                                     | 0%                      | 0%                                      | 0%                      |
| Property              | 10%                                    | 10%                     | 8.5%                                    | 7%                      |
| Alternatives          | 7%                                     | 3%                      | 6.4%                                    | 3.5%                    |
| Fixed income          | 17%                                    | 23%                     | 25.6%                                   | 30.5%                   |
| Cash                  | 20%                                    | 15%                     | 28%                                     | 25%                     |

| Asset class           | Strategic Asset Allocation<br>Indexed Growth |                         | Strategic Asset Allocation<br>Retire Plus (Income account only) |                         |
|-----------------------|--|-------------------------|---|-------------------------|
|                       | To<br>31 October 2023                        | From<br>1 November 2023 | To<br>31 October 2023   | From<br>1 November 2023 |
| Australian shares     | 27.5%  | 27.5%                   | 16%   | 16%                     |
| International shares  | 29.5%  | 29.5%                   | 18%   | 18%                     |
| Private equity        | n/a  | 0%                      | n/a   | 2%                      |
| Listed infrastructure | 10%  | 10%                     | 0%  | 0%                      |
| Infrastructure        | 0%   | 0%                      | 23%   | 23%                     |
| Listed property       | 9%   | 9%                      | 0%  | 0%                      |
| Property              | 0%   | 0%                      | 21%   | 20%                     |
| Alternatives          | 0%   | 0%                      | 6.8%  | 4%                      |
| Fixed income          | 10%  | 10%                     | 10.2%   | 12%                     |
| Cash                  | 14%  | 14%                     | 5%  | 5%                      |

For more information about these changes, please refer to the **NGS Accumulation Product Disclosure Statement** or the **NGS Retirement Product Disclosure Statement** effective 1 November 2023 available at [ngssuper.com.au/PDS](https://ngssuper.com.au/PDS)

## Need more information? Contact us

You can contact us at **[ngssuper.com.au/contact-us](https://ngssuper.com.au/contact-us)**

Call us on **1300 133 177**, Monday – Friday, 8am – 8pm (AEST/AEDT)

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### Important information

The information provided in this Significant Event Notice is general information only and does not take into account your objectives, financial situation or needs. Before making a financial decision, please assess the appropriateness of the information to your individual circumstances and consider seeking professional advice.

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